



Tools To Revitalize California Communities

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**California Debt and Investment
Advisory Commission**

**El Dorado County
Economic Development Forum**

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Mission of the California Debt and Investment Advisory Commission....

- “To improve the practice of public finance in California by providing responsive and reliable information, education and advice.”

How does CDIAC meet this mission?

CDIAC:

- **Serves as California's statistical clearinghouse for public debt issuance data**
- **Publishes a monthly newsletter on topical debt and investment matters (*DEBT LINE*)**
- **Produces timely and pertinent policy research reports and issue briefs (*Tools To Revitalize California Communities Resource Guide*)**
- **Conducts ongoing educational programs for state and local officials**
- **Responds to public finance-related inquiries**

CDIAC expands its focus to community economic development

- **Natural adjunct to monitoring the fiscal strength of California communities**
- **Focusing on the state's infrastructure needs**
- **Focusing on increasing the expertise in the area of community revitalization**
- **Meeting the demand in projected population growth**

Tools to Revitalize California Communities

- **Loans and Grants**
- **Equity Financing & Targeted State Investments**
- **Programs offered through debt authorities for specific purposes:**
 - brownfield remediation and redevelopment
 - pollution control financing
 - small business financing
 - affordable housing
 - health facility financing
 - industrial development financing
 - school financing

Housing Programs

- **Tax-Exempt Private Activity Bond Debt Limit Allocation**
 - Administered by the California Debt Limit Allocation Committee (CDLAC)
 - Maximum issuance amount for year 2002 is \$2.577 billion
 - Agencies and organizations authorized to issue tax-exempt private activity bonds or mortgage credit certificates must receive an allocation from CDLAC
 - Programs eligible for the issuance of tax-exempt private activity bonds include:
 - **Extra Credit Teacher Home Purchase Program:**
 - Program qualifies teachers and principals who commit to serve in designated low performing schools for tax credits or reduced interest rate loans to purchase a home

Housing Programs continued...

- **Tax-Exempt Private Activity Bond Debt Limit Allocation**
 - Programs eligible for the issuance of tax-exempt private activity bonds include:
 - **Multifamily Rental Housing**
 - Allows State and local agencies to issue tax-exempt housing revenue bonds
 - Bonds assist developers of multifamily rental housing units in acquiring land and constructing new projects or purchasing and rehabilitating existing units
 - **Single-Family Housing**
 - Allows State and local agencies to issue mortgage revenue bonds to fund mortgages for homebuyers
 - State and local agencies may issue a mortgage credit certificate that can assist homebuyers in reducing their federal tax liability
- **Executive Director, Laurie Weir, (916) 653-3255**

Housing Programs continued...

- **Federal and state tax credits for the construction and rehabilitation of affordable rental housing:**
 - Administered by the California Tax Credit Allocation Committee, this program gives priority to projects in struggling neighborhoods where housing is part of a comprehensive revitalization effort.
 - Encourages private investment in rental housing for low- and lower-income families and individuals
 - Tax credits can be allocated to new construction projects or for the acquisition and rehabilitation of certain projects
- **Executive Director, Jeanne Peterson (916) 654-6340**

Health Care Financing

- Utilized a \$250,000 HELP II loan and \$250,000 Community Clinic Investment Act Grant to expand capacity and provide medical and emergency services to its patient base
- Hill Country Community Clinic located in Round Mountain, Shasta County
- Primary source of medical, dental and mental health services for 80% of the residents of mountainous, sparsely-populated 750 square mile rural/frontier service area
- Funds will be used for the construction and renovation, equipment, a well, septic tank, and site grading
- Savings from using low-interest loan will be used to provide health care to low-income or uninsured patients
- Deputy Executive Director, Terry Partington (916) 653-2799

Sustainable Communities Grant & Loan Program

- Administered by the California Pollution Control Financing Authority (CPCFA)
- Awarded to 14 recipients in October 2002
- Up to \$500,000 in assistance (\$350,000 for a grant and \$150,000 for a loan) to assist cities and counties to develop and implement sustainable development growth policies, programs and projects.

Sustainable Communities Grant & Loan (SCGL) Program continued...

- **Truckee Railyard Development Project**
 - **Received \$350,00 SGCL grant for a three-phased project that will result in the creation of a Master Plan to redevelop 37 acre railyard site adjacent to Truckee's downtown**
 - **Plans for the area include affordable housing and mixed-use commercial, retail and office space**
 - **Major initiative to reclaim land and promote sustainable development and livability concepts in an environmentally sensitive, economically distressed area**

Environmental Site Assessment Financing

- Utilized California Pollution Control Financing Authority's (CPCFA's) \$125,000 CalReUse Program Loan
- Loan utilized for environmental site assessment to explore project feasibility of the MacArthur Bart Station Transit Village in Oakland
- Redevelopment of Bart Parking Lot for 400 to 800 new housing units, neighborhood-serving retail, community facilities, pedestrian plaza and expansion of on-site medical center
- Executive Director, Steven Sakarui (916) 654-6510

Small Business Financing

■ CalCap Program:

- Administered by CPCFA, the program offers lenders a mechanism to provide loans to small businesses that may not otherwise be able to get a loan (\$444 million in small business loans as of December 2001)
- CalCap funds a bank's loan loss reserve (the reserve maintained to cover potential loan losses) for small businesses seeking bank loans
- Loans can be used to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment, other capital projects and working capital
- Offers incentive for lenders to loan to borrowers in severely affected communities and economically distressed geographic areas
- Executive Director, Steven Sakarui (916) 654-6510

Manufacturing Financing

- **Industrial Development Bonds (IDBs)**
 - **Administered by the California Industrial Development Financing Advisory Commission**
- **American Modular Systems, Inc. manufacturer of modular classrooms for public school districts throughout California**
- **Utilized \$5 million in Industrial Development Bonds to construct a corporate administration building and manufacturing facility located next to a transit stop**
- **Project is located in the City of Manteca**
- **Anticipated created 115 new jobs within two years of project completion**
- **Without the benefit of the tax-exempt financing, the borrower would not have been able to finance the entire cost of the project, resulting in fewer jobs being created and a less efficient facility.**
- **Executive Director, Joanie Jones-Kelly, (916) 653-3843**

State Treasurer Investments in California Communities

- **Pooled Money Investment Account (PMIA) administered by the State Treasurer's Office**
 - **PMIA Portfolio composition currently totals approximately \$50 billion**
 - **Community Reinvestment Act Loans**
 - **\$1.3 billion in home loans made to low- and moderate-income Californians or in low- and moderate-income neighborhoods purchased since 1/1/99. The purchase of CRA loans provides new capital to lenders, stabilizes neighborhoods and increases home ownership**
 - **\$697 million on the portfolio as of 10/22/02.**

State Treasurer Investments in California Communities continued...

- **PMIA has increased deposits of state funds in California community banks to boost small business and home mortgage lending: \$50 billion portfolio composition**
 - **Since 1999 participating entities have increased from 35 to 124 and deposits have increased from \$1.9 billion to \$5.2 billion**
- **PMIA has invested approximately \$262 million in Small Business Loans in California to stimulate small business lending and creation in California communities.**
- **Assistant Director, Investment Division: Dan Dowell (916) 653-3147**

CalPERS Investments in California Communities

A NEW PROGRAM IS BORN



In May 2001, the Investment Committee approved an initial allocation of \$475 million to 11 investment partners in a new investment vehicle called the **California Initiative Program**

Mission Statement

■ The California Initiative will **invest in traditionally underserved markets** primarily, but not exclusively, located in California. The objective is to discover and invest in opportunities that may have been bypassed or **not reviewed by other sources of investment capital**. These opportunities should **offer attractive risk-adjusted returns** commensurate with their asset class. While equity investments are a primary focus, synergistic investments involving real estate and/or debt will also be considered.

UNTAPPED ASSETS IN UNDERSERVED AREAS PROVIDE ATTRACTIVE INVESTMENT OPPORTUNITIES

Urban/Inner city



- Strategic location near business centers, transportation, etc.
- Large, diverse labor pool
- Attractive local consumer market demand
- Government incentives
- Favorable access to real estate

Rural



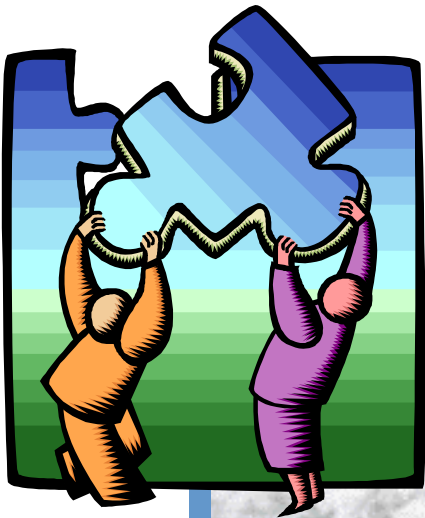
- Inexpensively priced land/office space
- Availability of full- and part-time, educated workers
- Lower cost of living environment
- Government incentives
- Recent technology and infrastructure developments that allow for convenient communication and access to information

CA INITIATIVE INVESTMENT MANAGERS HAVE EXPOSURE IN NORTHERN, CENTRAL AND SOUTHERN CALIFORNIA



<u>Selected Managers</u>	<u>CA Office Locations</u>
American River Ventures	Sacramento
Bank of America*	SD, LA, SF
Draper Fisher Jurvetson	North Bay / Sacto
Nogales Investors	LA
Garage	Palo Alto
Green Equity Partners	LA
Levine Leichtman	LA, SF
Opportunity Capital	Fremont
Provender Capital	LA
Silicon Valley Community Ventures	SF
Yucaipa Companies	LA, SF

* Bank of America has a network of 960 banking centers in California, with two major regional offices in San Francisco and Los Angeles



Tools To Revitalize California Communities

■ Fall 2003, Los Angeles

- One-day program with 64 speakers highlighting important economic development financing tools from the State Treasurer's Office, and other state and federal agencies
- Topics to be presented include:
 - Business and Job Creation - Bond Financing and Loan Programs
 - Creating Affordable Health Care
 - California Affordable Housing Programs
 - Technical Assistance Programs for Brownfield Sites
 - Private Equity Investment Programs
 - Urban Real Estate Development and Financing Programs

In addition to this conference, where can I learn more about these programs?

- **CDIAC's *Tools to Revitalize California Communities Resource Guide***
- **Join CDIAC for Tools to Revitalize California Communities Fall 2003 in Los Angeles!**

To learn about future economic development programs....

- Access CDIAC's website at:
 - www.treasurer.ca.gov/cdiac
- E-mail CDIAC at:
 - cdiac@treasurer.ca.gov
- Call CDIAC at:
 - (916) 653-3269
- Fax CDIAC at:
 - (916) 654-7440